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UNITED STATES CIVIL SERVICE COMMISSION
BUREAU OF RETIREMENT AND INSURANCE
WASHINGTON 25, D.C.

ADDRESS REPLY TO
"U.S. CIVIL SERVICE COMMISSION"
AND REFER TO

FILE

AND DATE OF THIS LETTER

JUL 5 1961



STAT

[Redacted]
Government Employees Health Association, Inc.
P. O. Box 463
Washington 4, D. C.

Dear [Redacted]

The Commission is considering adoption of amendments to the regulations to become effective before the next open season. The text of the proposed amendments and an explanation of their purpose are attached.

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Notice of these regulations was published in the Federal Register of June 30, 1961. Please let me have your comments on these regulations not later than July 31, 1961.

Sincerely yours,

Andrew E. Ruddock

Andrew E. Ruddock
Director

RCB-18/BSB

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ATTACHMENT

Draft Amendments

Part 89 of Chapter I of Title 5, Code of Federal Regulations, is amended as follows:

Section 89.3(f) is amended to read as follows:

"(f)(1) An employee eligible to register who has failed to register within the time limits prescribed, who is registered not to be enrolled, or who has cancelled his enrollment, may register to be enrolled between the 1st and 16th, inclusive of October, 1961.

"(2) An enrolled employee or annuitant may change his enrollment with respect to whether his family is covered, the health benefits plan in which he is enrolled, which of the options he selects, or any combination of these, between the 1st and 16th, inclusive, of October, 1961.

"(3) Thereafter, not less often than once every three years, the Commission will by regulation provide every employee a similar opportunity for enrollment and change of enrollment, on such terms and conditions as it may prescribe."

Section 89.4(b) is amended to read as follows:

"(1) The effective date of enrollment under section 89.3(f)(1) for employees who are not enrolled in a health benefits plan is the first day of the first pay period after October 31, 1961, which follows a pay period in which the employee is in pay status at any time except that, if the employee is a substitute in the postal

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field service, the effective date must follow six consecutive pay periods in which the employee was in pay status and in each of which he drew sufficient pay, after other deductions, to permit withholding of the amount necessary for his share of the cost of the health benefits plan he selects.

"(2) The effective date of change of enrollment under section 89.3(f)(2), for employees and annuitants who are enrolled in a health benefits plan, is the first day of the first pay period after October 31, 1961."

Explanation of Draft Amendments

The amendment to section 89.3(f) extends to employees coming on the rolls after June 30, 1961, the same opportunities for enrollment and change of enrollment granted by the present regulations to employees on the rolls before that time. This will eliminate the need to check each employee's date of entry on duty to determine his eligibility to take advantage of the open season.

The original exclusion of these employees from eligibility for open season change of enrollment was intended to minimize adverse selection, and took into account the short period from original enrollment to open season for these employees. Probably few of these employees will want to change enrollment in October; however, there will be a few new plans in effect on November first, and rates and benefits of some of the plans may change significantly enough to impel an employee to reconsider his first choice. Under these circumstances, it appears an unnecessary burden on employing offices to require them to verify the date of entry on duty of each employee before allowing him to register.

The enrollment period is extended one day because October 15th falls on Sunday this year. In addition, the paragraph is reorganized for ease of reference, and the last sentence (regarding the effective date of change) is omitted as unnecessary, since the same provision appears in section 89.4(b).

The amendment to section 89.4(b) eliminates the requirement that employees be in pay status in order to change enrollment. The pay status requirement continues to apply to employees enrolling for the first time. The change will make it unnecessary for employing offices to review pay status in order to determine effective date of change of enrollment. Since all of these employees have previously been enrolled, the total number of enrolled employees in nonpay status will not be affected, and it is expected that the proportion of employees in nonpay status in each plan or option will not be seriously affected. No provision is made for effective date of enrollments for future open seasons. This matter will be considered in connection with the setting of future open seasons.

Employees newly appointed continue to register initially under section 89.3(b), and the effective date of enrollment for them is governed by section 89.4(d).